

ORFF AND ATKIN ARRESTED

ARMY AND NAVY NOTES

P. O. Inspectors Charge Fraud in Selling Magazine Stock.

ORFF TALKS OF THE MERGER

Both Are Sent to Tombs in Default of \$15,000 Bail—Salesmen Also Arrested.

On the same charge which was the basis of the request of federal inspectors last June for the production of the books of the Columbian Magazine Company, which was merged with "Hampton's Magazine" under the direction of the Columbian-Sterling Company, Frank Orr, president of the latter concern, which was forced into involuntary bankruptcy last month, and John F. B. Atkin, a Philadelphia lawyer, said to have been the legal adviser of Orff and other associates in bringing about the formation of the Columbian-Sterling Company, were arrested yesterday on warrants sworn to by the postoffice inspectors and arraigned before Federal Commissioner Shields on the charge of using the mails to defraud. Neither could produce the \$15,000 bail upon which it was held, and each was locked up in the Tombs.

The arrests of Orff and Atkin by no means ends the preparations for action against the officials of the bankrupt syndicate. Warrants are out for more men, two of whom have eluded the postoffice inspectors for more than a month, and are believed to be beyond the jurisdiction of the federal courts. The arrest of two others may be made at any hour.

The basis of the specific frauds alleged against Orff and Atkin is the use of the mails to lure people into subscribing for stock in the Columbian-Sterling Company on the strength of a 24-2 per cent quarterly dividend declared September 1.

An examination of the books of the Columbian-Sterling Company and those of the old "Columbian Magazine," which was absorbed along with "Hampton's Magazine," convinced the inspectors that the concern had nothing on which to declare a dividend. Instead of having a surplus, the syndicate had suffered a loss during the first quarter of its existence of \$242,524, and the federal authorities immediately took action. This single example of fraud, according to the inspectors, but introduced a series of previous deals whereby "The Columbian Magazine," before it was sold to Orff, to be merged with "Hampton's Magazine," was looted of nearly \$300,000 worth of its cash resources.

Orff was the first one arrested yesterday. He was accused in the complaint of obtaining money by means of falsehood and by representing that the Columbian-Sterling Company was in good financial condition and would pay a dividend soon out of the surplus. Orff, who was supposed to be in St. Louis, whence a copy of the warrant for his arrest had been sent, was found in the office of the Christian Science Publication Committee, at No. 1 Madison avenue. He took his arrest calmly, saying that he would be "in error" if he allowed anything to worry him and professing innocence of the charge against him.

"Last May," said Orff before he went to the Tombs, "E. B. Yates and Samuel Tilden Aher, who were both interested in 'The Columbian Magazine,' came to St. Louis and interested me in a plan to merge my western magazine with theirs. I came on to New York, looked the proposition over, liked it and purchased 'The Columbian.' Later I made arrangements to secure Benjamin Hampton's controlling interest in the common stock of 'Hampton's Magazine' and merged that magazine with the others. I was made president of the new holding company."

"When some of the officers of the Columbian-Sterling Company came to me and said that a dividend would be declared at the end of the first quarter, September 1, I told them I would not agree to it unless the attorney of the company said that the step was legal. It was represented to me that sufficient surplus for the declaration of the dividend was on hand, and I accepted the statement of the auditors as correct without further question. But the attorney did not approve of the dividend, and the proposal was rescinded. That is all I know about it."

The postoffice inspectors said if any order for the securing of the stock was issued it was only after the company had attracted the attention of the federal authorities, and that, at any rate, the stockholders heard nothing about such an order.

Eugene Yates was arrested last night at his home, No. 134 Avenue J, Brooklyn, on a warrant issued by United States Commissioner Shields, charged with fraudulent sale of stocks attempting to sell stock of the Columbian-Sterling Publishing Company.

Yates, who is a salesman, was said to be one of the directors of the magazine.

He was taken to the Flatbush avenue police station, where he was locked up.

HOW STOCK POOL DWINDED

Lynam Tells of Withdrawals for Cummins Loans.

Michael J. Lynam, William J. Cummings's man-of-all-work, who had charge of the stock pool created with the money which Cummings is accused of having stolen, testified during the trial of his chief yesterday that between June 8 and June 17, 1910, the pool held 2,500 shares of Carnegie Trust stock, 150 shares of Twelfth Ward Bank stock and 34 shares of Nineteenth Ward Bank stock. This was the greatest amount of stock ever possessed by the pool, he said, at any one time.

According to the valuations placed upon these different stocks in the alleged trust agreement governing their purchase, these holdings amounted to \$33,250, or approximately \$200,000 in excess of the amount of money lent by the Van Norden Company and the Nineteenth Ward Bank for the purposes of the pool. Where the extra stock came from or how it was purchased was not revealed.

Different amounts of these stocks were withdrawn from the pool from time to time between June and December, 1910, the witness testified, to be pledged as collateral against loans negotiated by Cummings with various banks. Some of these loans were among those which, it has been charged, "Big Bill" obtained through his friendship for Charles H. Hyde, City Chamberlain at the time.

On cross-examination Lynam "presumed" the certificates of this stock were negotiable; he didn't know, but, in any case, he kept them for a month, he said, in a box in the drawer of his desk instead of storing them in a safe deposit vault or safe. Furthermore, he gave the Carnegie Trust Company or its officers no receipt or other written document in return for them, considering his trusteeship a "gentlemen's agreement."

ALLEGED FORGERS IN TOMBS

Bail Too High for Men Charged with Getting \$500,000.

Three men, said to have obtained \$500,000 from banks all over the country by means of forged checks, were held without bail by Magistrate Herman in the Tombs court yesterday, for a hearing to-morrow afternoon. The men gave their names as William L. Schutzeberger, of No. 1298 38th street, Brooklyn, a cigar manufacturer; Isidor Weiss, a milliner, of No. 29 East 7th street, and Charles Carles, a saloonkeeper, at Avenue A and 12th street, who is said to be the leader of the gang.

Magistrate Herman offered to fix bail at \$20,000 for Carles and at \$10,000 each for the other prisoners, but the counsel for the men protested that the bail was too high, and their advice the defendants consented to remain in the Tombs until to-morrow afternoon.

Detective Cassara was in court with a thin strong ox containing had checks to the amount of \$27,000, which the men are alleged to have passed. Deputy Commissioner Dougherty said he expected to make two more arrests in the case.

By D. E. Ingraham Co.

RIVERSIDE DRIVE, 102, e. 602 ft. n of 12th st., 42x150 ft. irreg.; 4 story brick bldg.; sold to the plaintiff for \$38,000.

91ST ST., 102, e. s. 248 ft. n w. of Central Park West, 150x80 ft.; 3 story, sold to the plaintiff for \$38,000.

140TH AV., 102, e. s. 267 ft. n of 17th st., 40x150 ft.; 3 story, owned by Compt. of Unl. Fin. Inst. for \$38,000.

141ST AV., 102, e. s. 167 ft. n of 17th st., 40x150 ft.; 3 story, owned by Compt. of Unl. Fin. Inst. for \$38,000.

142ND AV., 102, e. s. 201 ft. n of 17th st., 40x150 ft.; 3 story, owned by Compt. of Unl. Fin. Inst. for \$38,000.

143RD AV., 102, e. s. 201 ft. n of 17th st., 40x150 ft.; 3 story, owned by Compt. of Unl. Fin. Inst. for \$38,000.

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191ST AV., 102, e. s. 201 ft. n of 17th st., 4